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SENATE BILL 1503

By Rochelle

AN ACT to amend Tennessee Code Annotated, Title 9, Chapter 4, Part 55, relative to the Tennessee Millennium Trust.

WHEREAS, in December of 1998, Tennessee joined in the historic Attorneys General Master Tobacco Settlement Agreement; and

WHEREAS, this agreement provides for the estimated payment to Tennessee of almost five billion dollars (\$5,000,000,000) over a twenty-five (25) year period ending in 2025; and

WHEREAS, this amount represents around two-thirds (2/3) of the state tax revenue for the 1998-1999 fiscal year and is obviously an unparalleled, unique occurrence; and

WHEREAS, this unprecedented windfall should be safeguarded for future generations of Tennesseans and not frittered away on normal expenses of government or expended on unsustainable programs or projects, nor supersede Tennessee's tradition of careful management of public resources and expenditures; and

WHEREAS, the burden of absorbing a disproportionate amount of health care costs has been shifted to certain health care providers with either inadequate or no reimbursement; and

WHEREAS, farmers in Tennessee have been and will continue to shoulder a substantial financial impact by the reduction or elimination of acreage for production of tobacco; and

WHEREAS, the most prudent and beneficial use of this long-term, but finite, resource is to place the payments in trust and expend only the resulting income; now, therefore,

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. This act shall be known and may be cited as the Tennessee Millennium Trust Act.

SECTION 2. There is hereby established within the state treasury a special trust fund to be known as the "Tennessee Millennium Trust."

SECTION 3. Funds in the Tennessee Millennium Trust established by this act shall be invested by the state treasurer pursuant to policy guidelines, established by resolution of the funding board established by Section 9-9-101, within the laws, guidelines and policies that govern investments of the Tennessee consolidated retirement system.

SECTION 4. All funds received by the state of Tennessee under the Attorneys General Master Tobacco Settlement Agreement shall be deposited in the Tennessee Millennium Trust. These payments shall constitute the principal of the trust and shall not be expended or appropriated for any purpose nor shall any portion of such principal be proposed or recommended by the governor for expenditure in the budget document, appropriations bill, or otherwise.

SECTION 5. Reasonable and necessary expenses of administration of the Tennessee Millennium Trust may be paid from interest or income received on the principal of the trust. Any other expenditure of interest or income from the principal of the trust shall be made through specific appropriations in each general appropriations act, as determined by the general assembly.

SECTION 6.

(a) From the interest accumulated from the corpus of the Tennessee Millennium Trust, fifty percent (50%) of such interest shall be available for grants to health care providers to offset losses incurred in providing health care services on behalf of persons

enrolled in the programs pursuant to Title 71, Chapter 5, or for other healthcare related purposes. These funds shall be referred to as the “health reserve account.”

(b) The remaining fifty percent (50%) accumulated interest shall be used to assist agriculture related purposes. These funds shall be referred to as the “agricultural reserve account”. This account may be used to provide, among other things, the following assistance:

(1) Community incubator programs for tobacco-dependent communities.

(2) Studies on the economic consequences of the elimination of quotas and the potential for alternative cash crops and other matters that affect tobacco growers.

(3) Indemnify tobacco farmers for the decline or elimination of tobacco quotas.

(c) These funds shall not be used to supplant current funding to assist health care providers and agriculture related purposes.

SECTION 8. There is hereby created an agricultural fund committee to be composed of five (5) members of the house of representatives, to be appointed by the speaker of the house of representatives, and five (5) members of the senate, to be appointed by the speaker of the senate. The commissioners of finance and administration, agriculture, health and education shall be ex officio, nonvoting members of the agricultural fund committee. Such committee shall make recommendations to the General Assembly, by no later than January 15 of each calendar year, regarding uses and expenditure of funds in the agricultural reserve account until such funds are fully depleted.

SECTION 9. There is hereby created a health fund committee to be composed of five (5) members of the house of representatives, to be appointed by the speaker of the house of representatives, and five (5) members of the senate, to be appointed by the speaker of the senate. The commissioners of finance and administration, agriculture, health and education

shall be ex officio, nonvoting members of the health fund committee. Such committee shall make recommendations, no later than January 15 of each calendar year, to the general assembly regarding uses and expenditure of funds in the health reserve account until such funds are fully depleted.

SECTION 10. The state treasurer is authorized to promulgate rules and regulations necessary to perform the state treasurer' s responsibilities under this part.

SECTION 11. Tennessee Code Annotated, Section 9-4-5501, is amended by deleting that section in its entirety.

SECTION 12. Tennessee Code Annotated, Section 9-4-5502, is amended by deleting that section in its entirety.

SECTION 13. Tennessee Code Annotated, Section 9-4-5503, is amended by deleting that section in its entirety.

SECTION 14. Sections 1 through 10 of this act shall be codified as new sections of Tennessee Code Annotated, Title 9, Chapter 4, Part 55.

SECTION 15. This act shall take effect upon becoming a law, the public welfare requiring it.